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TO RUEHRL/AMEMBASSY BERLIN PRIORITY 0000
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE
RUEHKL/AMEMBASSY KUALA LUMPUR 0000

S E C R E T STATE 115166

SIPDIS

E.O. 12958: DECL: 11/06/2034
TAGS: [MTCRE](#) [PARM](#) [PREL](#) [MNUC](#) [ETTC](#) [KSCA](#) [GE](#) [IR](#) [MY](#)
SUBJECT: MALAYSIA-BASED PROCUREMENT ENTITY CONTINUES TO
SEEK GERMAN-ORIGIN ROTARY SWAGING MACHINE (S)

REF: A. STATE 15844
[1](#)B. BERLIN 00829

Classified By: ISN/MTR DIRECTOR PAM DURHAM FOR REASON 1.4 (C).

[1](#)1. (U) This is an action request. Embassy Berlin, please see paragraph 4.

[1](#)2. (S) In July 2009, we shared with German officials information indicating that the Malaysian-based, Iranian-controlled entity, Skylife Worldwide Sdn Bhd, was working to acquire a model R5-4 rotary swaging machine from the German firm Heinrich Mueller Maschinenfabrik GmbH (HMP) (Refs A & B).
As we noted, rotary swaging machines are not controlled by the Missile Technology Control Regime, but can be used to manufacture turbopump and plumbing components found in liquid-fueled ballistic missiles. Skylife was procuring this equipment on behalf of Microset Systems Sdn Bhd, which is another problematic Malaysian-based, Iranian-run entity. Skylife and Microset are co-located, work closely with one another, and have acted as brokers for numerous Iranian entities of proliferation concern, including liquid-propellant ballistic missile developer Shahid Hemmat Industrial Group, and tactical missile developer Ya Mahdi Industries.

[1](#)3. (S) We now understand that in August 2009, Skylife representatives informed Microset that Microset would receive the rotary swaging machine at the end of the month. However, we do not know if Skylife was already in possession of the equipment at the time it provided this information to Microset, or if the machine was actually still in Germany and Skylife was simply anticipating a pending shipment from HMP. If the latter, then it still may be possible to prevent the transfer of this machine. We therefore want to advise German officials that - as of August - Skylife representatives were still expecting that they would be able to supply the equipment to Microset. We also want to urge Berlin to follow-up on this information and take all appropriate measures to prevent this shipment - if it has not already occurred.

[1](#)4. Action Request: Request Embassy Berlin approach appropriate host government officials to deliver talking points/non-paper in paragraph 5 below and report response. Talking points also may be provided as a non-paper.

[1](#)5. (S) Begin talking points/non-paper:

(SECRET//REL GERMANY)

-- We would like to alert you to information of proliferation concern and request your assistance in investigating this activity.

-- In July, we shared with you information indicating that in August 2008, the Malaysian-based entity Skylife Worldwide Sdn Bhd had been working to purchase a model R5-4 rotary swaging

machine from the German firm Heinrich Mueller Maschinenfabrik GmbH (HMP).

--As we noted, rotary swaging machines are not controlled by the Missile Technology Control Regime (MTCR), but can be used in the manufacture of turbopumps and plumbing components found in liquid-propellant ballistic missiles.

-- We also informed you that in December 2008, Skylife had advised HMP's Elmar Pischel that EUR 100,000 - representing half the cost of the machine - had been transferred to Pischel's account.

-- Skylife was acting on behalf of another Malaysian-based firm Microset Systems Sdn Bhd.

-- Both of these firms are Iranian-run procurement companies and have acted as brokers for numerous Iranian entities of proliferation concern, including Shahid Hemmat Industrial Group (SHIG) and Ya Mahdi Industries.

-- We now understand that in August 2009, Skylife representatives informed Microset that Microset would receive the rotary swaging machine at the end of August.

-- We do not know if Skylife was already in possession of the rotary swaging machine at the time it provided this information to Microset.

-- If not, there may still be an opportunity to prevent the transfer of this machine to Malaysia, and ultimately, Iran - the likely location of the intended end-user.

-- We urge you to take all available measures to prevent the shipment of this equipment to Skylife - if it has not already occurred.

-- We look forward to continuing our excellent cooperation on nonproliferation matters and to hearing of any updates on the progress of your investigation of this case.

16. (U) Washington POC is ISN/MTR John Paul Herrmann (Phone: 202-647-1430). Please slug any reporting on this issue for ISN/MTR, EAP/MTS, EUR/CE, and EUR/PRA.

17. (U) A word version of this document will be posted at www.state.gov/demarche.

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